



DEPARTMENT OF THE TREASURY

Office of the Comptroller of the Currency

Agency Information Collection Activities: Information Collection Renewal; Submission for OMB Review; Libor Self-Assessment

AGENCY: Office of the Comptroller of the Currency (OCC), Treasury.

ACTION: Notice and request for comment.

SUMMARY: The OCC, as part of its continuing effort to reduce paperwork and respondent burden, invites the general public and other Federal agencies to take this opportunity to comment on the renewal of an information collection as required by the Paperwork Reduction Act of 1995 (PRA). In accordance with the requirements of the PRA, the OCC may not conduct or sponsor, and the respondent is not required to respond to, an information collection unless it displays a currently valid Office of Management and Budget (OMB) control number. The OCC is soliciting comment concerning renewal of a collection of information titled, "Libor Self-Assessment." The OCC also is giving notice that it has sent the collection to OMB for review.

DATES: Comments must be submitted on or before [INSERT 30 DAYS FROM DATE OF PUBLICATION IN THE **FEDERAL REGISTER**].

ADDRESSES: Commenters are encouraged to submit comments by e-mail, if possible.

You may submit comments by any of the following methods:

- *E-mail:* prainfo@occ.treas.gov.
- *Mail:* Chief Counsel's Office, Attention: Comment Processing, 1557-0349, Office of the Comptroller of the Currency, 400 7th Street, SW., suite 3E-218, Washington, DC 20219.
- *Hand Delivery/Courier:* 400 7th Street, SW., suite 3E-218, Washington, DC 20219.

- *Fax:* (571) 465-4326.

Instructions: You must include “OCC” as the agency name and “1557-0349” in your comment. In general, the OCC will publish comments on *www.reginfo.gov* without change, including any business or personal information provided, such as name and address information, e-mail addresses, or phone numbers. Comments received, including attachments and other supporting materials, are part of the public record and subject to public disclosure. Do not include any information in your comment or supporting materials that you consider confidential or inappropriate for public disclosure.

Written comments and recommendations for the proposed information collection should also be sent within 30 days of publication of this notice to *www.reginfo.gov/public/do/PRAMain*. Find this particular information collection by selecting “Currently under 30-day Review – Open for Public Comments” or by using the search function.

On October 22, 2021, the OCC published a 60-day notice for this information collection, 86 FR 58723. You may review comments and other related materials that pertain to this information collection following the close of the 30-day comment period for this notice by the method set forth in the next bullet.

- **Viewing Comments Electronically:** Go to *www.reginfo.gov*. Hover over the “Information Collection Review” tab and click on “Information Collection Review” dropdown. Underneath the “Currently under Review” section heading, from the dropdown menu select “Department of Treasury” and then click “submit.” This information collection can be located by searching by OMB control number “1557-0349” or “Libor Self-Assessment.” Upon finding the appropriate information collection, click on the related “ICR Reference Number.” On the next screen, select “View Supporting Statement and Other Documents” and then click on the link to any comment listed at the bottom of the screen.

- For assistance in navigating www.reginfo.gov, please contact the Regulatory Information Service Center at (202) 482-7340.

FOR FURTHER INFORMATION CONTACT: Shaquita Merritt, Clearance Officer, (202) 649-5490, Chief Counsel’s Office, Office of the Comptroller of the Currency, 400 7th Street, SW., Washington, DC 20219.

SUPPLEMENTARY INFORMATION: Under the PRA (44 U.S.C. 3501-3520), Federal agencies must obtain approval from the OMB for each collection of information that they conduct or sponsor. “Collection of information” is defined in 44 U.S.C. 3502(3) and 5 CFR 1320.3(c) to include agency requests or requirements that members of the public submit reports, keep records, or provide information to a third party. The OCC asks that OMB extend its emergency approval of this collection.

Title: Libor Self-Assessment.

OMB Control No.: 1557-0349.

Type of Review: Regular.

Description: The cessation of the London InterBank Offered Rate (Libor) prompted the OCC to create a self-assessment tool for banks to use in preparing for the Libor cessation. The self-assessment tool was created to assess the appropriateness of a bank’s Libor transition plan, the execution of the plan by its management, and related matters.

The Intercontinental Exchange Libor is a reference rate that is intended to reflect the cost of unsecured interbank borrowing. Libor is published daily in five currencies with seven maturities ranging from overnight to 12 months. It is used globally in the over-the-counter derivatives market, bonds, loan products, and securitizations. As of the end of 2020, \$223 trillion of financial instruments were

exposed to U.S. dollar (USD) Libor as the primary reference rate.¹

While certain reference rates have ceased to be reported in the past, the significant exposure of the financial markets to Libor creates the need for banks to assess whether they are identifying applicable risks, preparing for Libor cessation, and successfully transitioning to replacement reference rates. Libor is referenced globally, and its cessation could affect banks of all sizes through direct or indirect exposure.

There is risk of market disruptions, litigation, and destabilized balance sheets if acceptable replacement rates do not attract sufficient market-wide acceptance or if contracts cannot seamlessly transition to new rates. A bank's risk exposure from Libor cessation depends on the bank's specific circumstances. Many community banks may not offer products or services that use Libor. However, community banks could have Libor exposure in positions such as Federal Home Loan Bank (FHLB) borrowings, mortgage-backed securities, or bonds in the banks' investment portfolios.

Libor exposure can exist in all product categories and lines of business, both on or off the balance sheet, and in asset management activities. Risk can also emanate from third-party relationships because Libor is often used in pricing models, financial models, and in other parts of banks' infrastructure, such as core processing.

The ubiquity of Libor, present in over \$200 trillion notional contracts, makes moving off the rate incredibly complicated. Many existing contracts do not include sufficient provisions if Libor becomes unavailable (known as fallback provisions). Without adequate preparation, Libor cessation could cause market disruption and present risks to banks and their customers. In addition, fallback provision language does not sufficiently account for a permanent cessation of Libor. The Federal banking agencies

¹ <https://www.newyorkfed.org/medialibrary/Microsites/arrc/files/2021/USD-LIBOR-transition-progress-report-mar-21.pdf>.

published a statement communicating that banks should discontinue entering into contracts that use USD Libor as a reference rate as soon as practicable and in any event by the end of 2021 (with a few exceptions for orderly market support).²

Given that banks should not be creating new Libor exposure, the prevalence of Libor, and the remaining work to be done within the timeframe described above, the OCC has made this self-assessment tool available to banks, due to the immediate need and the brief duration of use, to help banks prepare for Libor-related risk.

Banks may use the self-assessment to determine whether they have risk management processes in place to identify and mitigate their Libor transition risks. Not all sections or questions will apply to all banks. Applicable risks (*e.g.*, operational, compliance, strategic, and reputation) can be identified when scoping and completing Libor cessation preparedness assessments.

Affected Public: Businesses or other for-profit.

Burden Estimates:

Estimated Number of Respondents: 1,096.

Estimated Annual Burden: 8,768 hours.

Frequency of Response: On occasion.

Comments: On October 22, 2021, the OCC published a 60-day notice for this information collection, 86 FR 58723. No comments were received. Comments continue to be solicited on:

(a) Whether the collection of information is necessary for the proper performance of the OCC's functions, including whether the information has practical utility;

(b) The accuracy of the OCC's estimate of the burden of the information collection, including the validity of the methodology and assumptions used;

² <https://www OCC.gov/news-issuances/bulletins/2020/bulletin-2020-104.html#ft1>.

(c) Ways to enhance the quality, utility, and clarity of the information to be collected; and

(d) Ways to minimize the burden of information collection on respondents, including through the use of automated collection techniques or other forms of information technology.

(e) Estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information.

Patrick T. Tierney,
Assistant Director,
Bank Advisory,
Office of the Comptroller of the Currency.

[FR Doc. 2022-00842 Filed: 1/14/2022 8:45 am; Publication Date: 1/18/2022]